

CHINA

**Statement at the 2016 Annual Meeting of Board of Governors of the
European Bank for Reconstruction and Development**

YI Gang, Alternate Governor for China

First of all, I would like to express gratitude to our host, the British and London government, for the excellent organization and considerate arrangements. China formally joined the European Bank for Reconstruction and Development (EBRD) on January 15, 2016. It is a great honor for the Chinese delegation to attend the annual meeting of Board of Governors for the first time.

Nowadays, a multi-layered and full-coverage framework of multilateral development banks (MDBs) has been established all over the world, which made huge contribution to the economy recovery, poverty reduction in developing countries and global development. Against the weak outlook of global economy, the advantage of medium and long term financing provided by development banks becomes increasingly significant and their role in stimulating development as a supplement of public investment attracts more attention. The Asian Infrastructure Investment Bank (AIIB), proposed by China, started operation since this January. By joining in the EBRD, China is willing to integrate with current MDBs framework, take more responsibilities and make more contributions.

In 2015, the world economic recovery was stalled and experienced fresh setbacks. Plunge in commodity prices, terrorist incidents and refugee crisis presented the EBRD's countries of operation with new challenges for their transition. However, we are delighted to see that, some countries took the opportunity to accelerate their reform on key areas including the exchange rate regime and financial markets, taking important steps in their transition toward the market economy. In the meantime, the EBRD increased the counter-cyclical financing operations, marking a five-year-high of annual investment, and achieved grand performance in fostering the transition of countries of operation, as its purpose and function. Looking forward, we are confident that, all the transition economies, including China, have the capacity to handle challenges, make quick and smooth transition, and secure sustainable economic growth.

The EBRD views fostering the transition of countries of operation as its purpose and function. China, as the largest transition economy, faces similar challenges as the EBRD's countries of operation in establishing and improving market economy mechanisms and has gained some experiences. **China' accession to the EBRD provides a great platform for China and the countries of operation to share and exchange experience in economic transition and development.** In addition, most of the EBRD's countries of operation are along the Silk Road Economic Belt, with geographical overlaps to China's One Belt, One Road Initiative. The EBRD investments are focused on private sector, including energy

efficiency, infrastructure, financial institutions and small and medium enterprises, which agree with China's focuses as well. **China' accession to the EBRD offers new opportunities for China and other members to cooperate on projects and investment.**

We are delighted to learn that in 2015, under the excellent leadership of President Suma Chakrabarti, the EBRD not only provided strong support for the transition toward market economy in countries of operation, but also responded quickly to the complex and dynamic world situation, helping members to deal with various challenges including the refugee crisis. Furthermore, the EBRD has accepted the membership of China and Lebanon. We are happy to see the cooperation between the EBRD and AIIB.

We are in favor of the Strategy Implementation Plan 2016-2018 and support the Bank to, under the condition of financial soundness and sustainability, improve the efficiency of capital utilization, expand its business and intensify the influence of its projects. We welcome the Bank's business objectives for 2016 and the goal to increase the ratio of investment in green economy to at least 40% by 2020, and expect the Bank to make more contributions to the transition of countries of operation toward market economy.

As a new member, and based on our own experience of development and transition, we would like to suggest the EBRD to be focused on the following priorities and look forward to cooperating with the bank in these areas.

First, support infrastructure and promotes the coordination between national and regional strategies. EBRD's countries of operation are mostly in the heart of continent with significant geographic advantages. It's helpful for countries to transit toward more opening-up and market economy by strengthening infrastructure and facilitating free trade and investment. There are many common ideas and concepts between China's One Belt, One Road Initiative and other national and regional strategies, like the Juncker plan. Improving the interconnection and strategy coordination helps various parties to implement their strategies for their mutual benefits.

Second, facilitate the import of equipments and technology, and foster capacity cooperation. The EBRD's countries of operations are at different development stages under different national conditions, but all are at the critical time to improve their industrial system and upgrade the industrial structure. China has a comprehensive and mature industrial system, with high-quality capacity and high-cost-performance products in some industries for comprehensive engineering and construction. China would like to combine its high-quality capacity with the demand of the EBRD's countries of operation and key technologies from advanced countries, to achieve cooperation of three parties and triple benefits.

Third, encourage policy dialogue and facilitate the exchange of knowledge and experience. China and EBRD's countries of operation

are all at the stage of economic transition, facing lots of challenges in the reform and development. Different countries have adopted different approaches in their transition and have accumulated some experience, the exchange of which helps countries to deepen reform and promote development. Experience from China's reform and opening-up shows that it is important to explore an unique development approach by learning from experience of others and taking into account its own conditions. We welcome the communication with other members and develop together.

We believe, the cooperation between China and the EBRD will become an important driving force for the cooperation between China and other members. Looking forward, the two parties have great potential in project investment, co-financing, and policy exchange cooperation. We are ready to work together with other members to promote the EBRD's development so as to contribute more to the transition of countries of operations toward market economy.